Loosening of FDI rules

1080. SHRI RAMDAS AGARWAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have decided to loosen the rules governing Foreign Direct Investment (FDI);

(b) whether Government propose to throw open most of the industrial sectors for FDI barring six areas put on negative list, as reported in the Hindustan Times, dated 2nd February, 2000;

(c) if so, what are the details thereof;

(d) the reaction of the Federation of Indian Industries thereto; and

(e) how far India would be benefited by such liberalisation as compared to China, Poland and Russia etc.?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) to (c) Government, in its commitment towards economic reforms, have announced the new Foreign Direct Investment (FDI) Policy thereby placing all items/activities under the automatic route for Foreign Direct Investment (FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except the following:—

1. All proposals that require an Industrial Licence which include (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951; (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and (iii) all items which require an Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.
2. All proposals in which the foreign collaborator has a previous venture/ tie-up in India. The modalities prescribed in Press Note No. 18 dated 14.12.1998 of 1998 series, shall apply in such cases.
3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.
4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route. All proposals for investment in public sector units as

also for EOU/EPZ/EHTP/STP units would qualify for automatic route subject to above parameters.

(d) Specific reaction of Industry Federations has not been called for. However, newspaper reports indicate that the decision of the Government has been generally welcomed.

(e) FDI Policy has been liberalised to make India globally competitive as an investment destination.

ULFA's Threat to Tea Industry

1081. DR. Y. LAKSHMI PRASAD: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether panic has gripped the Tea industry in upper Assam's Golaghat district after ULFA threats for extortion notices served on them;

(b) if so, the measures taken to ensure that garden owners do not flee resulting in low production and export; and

(c) the performance of Assam Tea estate during the current financial year?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Some reports of extortion notices by militant groups on tea executives have been received. There is no panic and the situation is well under control. Besides a tea protection force, the State Police and other security forces are providing security to the area.

(c) The tea estates located in Assam have reported a production of 403.14 mn.kgs during the period April—December, 1999.

Import-Export Growth

1082. SHRIMATI BASANTI SARMA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) What are the details about the import-export growth during the last three years and till date;

(b) What are the reasons for not increasing of balance of trade; and

(c) the steps being taken or proposed to be taken by Government to improve our balance of payment?